

Senator Joe Lieberman  
**Written Testimony to Senate Commerce Committee**  
**Harnessing America's Innovation Economy to Combat Climate Change**  
Wednesday, January 8, 2003

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Thank you, Mr. Chairman, for inviting me to testify here today, and thank you for your partnership and leadership on this essential issue. Today we take the first step up a long mountain road—a road that will culminate with this country taking credible action to address the global problems of our warming planet. The rest of the world is now taking on the challenge this problem presents. The United States, as the world's largest emitter of the gases and the home of the world's strongest economy, must not have its head in the clouds.

Mr. Chairman, climate change is not a new problem. Recently, I had come across my desk a 1979 document produced by the National Academy of Sciences at the request of then-President Carter. The document says, "When it is assumed that the CO<sub>2</sub> content of the atmosphere has doubled, the more realistic of the modeling efforts predict a global surface warming of between 2 degrees and 3.5 degrees with greater increases at higher altitudes." That is remarkably similar to last year's national communication on climate change that predicted a warming of 2.5 degrees to 4 degrees over the next century. So in some sense, we have known about this problem for over two decades. That's two decades of neglect. We don't need to spin our wheels in the mud any longer. It is time to get traction. It is time to take action.

I do not believe there is any longer any credible dissent on the central question: namely, whether human-caused climate change is happening. The thermometer mercury

is creeping up, glaciers are melting, and waters are rising. According to a NASA study released last month, the permanent, summer ice cap over the Arctic Ocean is disappearing far faster than previously thought and will at this rate be gone by the end of the century. And just last week, two major new research studies said global warming is already posing a dire threat to the world's plants and animals, a danger that is likely to rise dramatically, with the temperature, in the coming years.

The scientific evidence is potent and persuasive. But we've witnessed other changes across the globe that have anecdotally announced the arrival of global warming to human populations. I noticed two examples recently that resonated with me; both come from the Arctic north, and in my view are canaries in the climate change coalmine.

The first example comes from the Native American populations of Alaska and Northern Canada. In just the past few years, a robin appeared in an Inupiat village in Alaska. Unfortunately, the elders, despite an intimate awareness of their 10,000 year old language, did not know what to call the bird. You see, there is no word for robin in their language.

A second example comes from the town of Nenana, Alaska, which has an annual lottery to determine when a tripod placed on the frozen Tenana River would break through the ice. And over the past 50 years, that breakthrough has occurred earlier and earlier.

So, Mr. Chairman, it's not only in the language of statistics that climate change is occurring. It's in the language of everyday life.

The nature of this problem is that it gets worse every year we fail to face it head on. It's not unlike the federal budget deficit. The weight of the interest payments bearing

down on us grow over time and dig us deeper and deeper into a hole of our own making. So too with global warming. Today the problem is manageable. Tomorrow, quite literally, we could be up to our waists in it.

There are a few remaining skeptics who still doubt that human greenhouse gas emissions are contributing to climate change—but Mr. Chairman, even they should understand the wisdom of taking preventive action. Even they should realize that reducing greenhouse gas emissions now is the best insurance policy against the possibility of future catastrophe.

The question remains, then, what we should do about it. Mr. Chairman, as you well know, there is no easy fix. Carbon dioxide, once released, stays in our atmosphere for about a century, so any solution needs to be long-term. But I believe that the legislation we have drafted and will soon introduce will take us on the path to that ultimate solution, and do so in a way that can provide an economic boost, not an economic burden, to American businesses. Given our flagging economy, this is a critical point for us all to absorb.

Our approach works like this. The country's overall emissions will be capped, then individual companies will have the flexibility to find the most innovative and cost-effective ways to drive their emissions down. They will trade pollution credits, also called allowances, with each other—rather than paying penalties to the government.

The result of that innovative model is that we will unleash and focuses the genius of American enterprise to take on a critical common challenge. And the innovation unleashed as companies compete will create a boomlet of new, high-paying jobs. It's no wonder the *Wall Street Journal* editorial page endorsed this approach—saying that it

would achieve the same amount of overall pollution reduction at a lower cost than traditional regulation, and urging the Bush Administration to sign on.

In making its endorsement, *The Wall Street Journal* looked, as we did, at the record. Many similar programs have helped solve pollution problems throughout the country and the world. The most well-known example is the Acid Rain Trading Program in the 1990 Clean Air Act, one of the most successful environmental programs in history and something I was proud to have a hand in creating. This program secured strict cuts in sulfur dioxide emissions from power plants at less than a quarter of the predicted costs to industry.

But this bill is more than a broad policy proposal. It is a detailed legislative design for the system. As you know, Mr. Chairman, our staffs have been working ardently over the past 16 months to craft a detailed proposal that could find support both in the halls of industry and amongst the nation's leading environmental organizations. Hopefully that means that both sides of the aisle in Congress will find something to their liking. I hope all involved realized that this is no marker bill; it is a comprehensive proposal. Please indulge me as I run through a few of the key details.

Our bill covers the four main sectors of the U.S. economy that emit greenhouse gases: electric utilities, industrial plants, transportation, and large commercial facilities. For each of these sectors, we ease back on the greenhouse gas accelerator, spreading the burden equally amongst the companies. The progress required is real but realistic. By the year 2010, we ask only that they return to 2000 levels. By 2016, we ask that they return to their 1990 levels, in keeping with our treaty commitment under the Rio Convention.

In doing so, we provide each participant with a generous amount of flexibility on how to comply with their obligations. There is no limit on the amount of allowances that they may obtain from other participants in the system. Moreover, companies in the system can avail themselves of “alternative compliance” options, including sequestration projects, international reductions, and verified reductions made by parties outside the system. Such “alternative compliance” options can be used to satisfy 300 percent of the average companies’ obligation.

These alternative compliance options will have other benefits as well. As many members of this committee already know, sequestration projects can produce environmental benefits beyond the benefit to the climate, including reduced deforestation and more sustainable agricultural practices. Such projects also bring a needed infusion of money into the farm economy—not through subsidies, but through the sale of a new “crop,” sequestered carbon dioxide. Even now, with a purely speculative market in greenhouse gases, Entergy Services and Pacific Northwest Direct Seed Association brokered a deal for 30,000 million metrics tons of carbon over 10 years. The sale price was not divulged, but the point is that the deal was made even in the absence of a real market. Our program would greatly intensify these type of sales by farmers.

Our businesses will benefit dramatically from the regulatory certainty that our bill will provide. Businesses now receive a confusing set of messages from the federal government. On the one hand, they know that, with climate change worsening every year, government will somehow and sometime have to require them to reduce their emissions. As the Conference Board recently noted in a June 2002 report, “climate change is an issue business executives ignore at their peril.” On the other hand,

businesses are being left uncertain about Washington's ultimate global warming policy plans—and therefore have a perverse incentive to put off any real anti-pollution technology investments.

Indeed, Mr. Chairman, our innovation economy more broadly is unwilling or unable to engage while the federal government continues to vacillate. As a result, we are losing countless dollars in new market and job opportunities. Europe and Japan already have an early head start in the pollution reduction industry. That lead will only grow if our government stands pat.

Finally, I want to mention one other, perhaps unlikely reason to support this legislation beyond our economic and environmental well being, and that's foreign policy. Many of our most important allies are much more worried about climate change than we in the United States have historically been. When the Bush Administration plays down the risks of global warming and shows no interest in devising a serious solution, it frays our relationship with those allies. That's especially true since we as a nation are responsible for about a quarter of the world's total climate change problem. Imagine ordering a nice bottle of wine, an appetizer, and desert for yourself every time you dine with friends, who order less, and then imagine never offering to split the tab.

We should never compromise critical American policy simply to satisfy the international community. But in this case, doing what's in our own best environmental and economic interests will also earn respect and support around the world. And—lest we forget—it also happens to be the right thing to do.

Mr. Chairman, the Earth is not only ours to use; we are stewards of it, who must hold it in trust for future generations to live in, breathe in, and—yes—prosper in.

Regrettably, this nation's climate change policy to date has not respected our role as stewards. It is time we reverse that trend, and our bill will do exactly that.

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